

AR31



ANNUAL REPORT 1969

CONTENTS

	page
1969 IN BRIEF	1
DIRECTORS' REPORT	3
PROGRESS CHARTS	8
CONSOLIDATED STATEMENT OF EARNINGS	9
CONSOLIDATED STATEMENT OF RETAINED EARNINGS	9
CONSOLIDATED BALANCE SHEET	10
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS	12
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	13
10 YEAR SUMMARY	15
ROUTE MAP	16
CORPORATE INFORMATION	17



1969 IN BRIEF

FINANCIAL

	1969	1968
Operating revenue	\$ 33,944,276	\$ 17,659,234
Operating expenses before depreciation and amortization	30,483,636	15,126,460
Cash operating income	3,460,640	2,532,774
Depreciation and amortization of introductory costs	2,058,050	1,388,581
Operating income	1,402,590	1,144,193
Deferred income taxes	130,400	214,200
Net earnings for the year	524,371	284,704
Common shareholders' equity	5,919,361	4,919,394
Number of common shares outstanding	927,492	877,782

OPERATIONS

Passengers carried		
Mainline	626,758	370,577
International charter	51,411	31,354
Domestic charter	25,870	19,746
Passenger miles flown		
Mainline	168,067,524	95,425,649
International charter	203,231,425	116,503,122
Domestic charter	13,790,092	11,047,593
Cargo ton miles flown		
Mainline	5,027,198	3,554,529
Domestic charter (excluding Hercules)	3,125,904	794,534
Hercules	10,557,361	5,390,751
Aircraft miles flown		
Mainline	5,501,084	3,190,941
International charter	1,749,695	1,117,204
Domestic charter (excluding Hercules)	907,718	483,653
Hercules	1,288,155	577,859





TO THE SHAREHOLDERS:

The year 1969 was one of major growth for your Company, and it behooves us to acknowledge at the outset of this report the effort and enthusiasm of all the Pacific Western personnel which made the expansion both possible and successful.

Consolidated gross revenues, including \$2,500,331 trucking operations revenues from Byers Transport Limited for the period April 15 to December 31, 1969, totalled \$33,944,276 for the year 1969 compared with \$17,659,234 in 1968.

Net cash earnings, including gain on disposal of fixed assets, amounted to \$3,005,782 in 1969 compared with \$1,860,712 the previous year. Net earnings for the year, including gain on disposal of fixed assets, amounted to \$524,371 after allowing for deferred income taxes, compared with \$284,704 in 1968.

Because of our ability to claim capital cost allowance for tax purposes in excess of depreciation recorded in the accounts, no income taxes are payable for the year. As recommended by the Institute of Chartered Accountants, provision for deferred income tax has, however, been made in the accounts for the last two years. Additional accumulated deferred taxes to December 31, 1967, have not been recorded in the accounts.

As reported earlier, a substantial adverse effect on net earnings resulted from the necessity of chartering Hercules aircraft from other operators to meet commitments to our customers while awaiting delivery of a replacement aircraft for the Hercules aircraft damaged beyond repair in Peru in July, and while awaiting the repair of damage sustained to a second Hercules at Eureka, N.W.T., in August.

The cost of these alternative arrangements and the higher costs involved in substituting DC6 services until it was possible to replace the Convair aircraft lost near Campbell River in September is estimated by management to have resulted in a reduction in gross operating profit exceeding \$1,000,000.

The working capital position of the company recorded a modest decrease of only \$4,819. During the year repayments and reclassification to current of long-term debt amounted to \$3,821,084. In addition, purchases of a Boeing





HEATHALL
AIR CARGO
HEATH T
P-N AC-
USA



737, a Hercules, a Convair and other fixed assets amounted to \$13,650,337 of which \$10,780,864 was financed through long-term debt. Introductory costs of acquiring new aircraft and services amounting to \$863,513 for the year have been deferred and are being amortized over a five year period as is consistent with industry practice.

During 1969, holders of \$138,000 par value of the Series A and \$109,000 par value of Series AA convertible debentures exchanged their bonds for 29,710 common shares of the Company while \$81,000 par value of Series A and Series AA debentures were redeemed for cash.

OPERATIONS

During the year under review the aircraft fleet was increased by the addition of a second Boeing 737 in March and a third in July. (The fourth 737 will be delivered on May 1, 1970.) By year end, 3 Hercules were in operation, and a second Boeing 707 had been added for International charter and inclusive tour operations.

MAINLINE services recorded a 62% increase in revenue, largely attributable to the new routes through the Okanagan and Kootenay regions between Vancouver and Calgary and the extension of coastal services to Sandspit and Prince Rupert. Substantial increases in traffic on the interior B.C. routes, compared with the previous carriers reported traffic, resulted from the increased capacity offered and the use of jet aircraft with their high degree of passenger acceptance.

Other domestic routes also showed traffic gains during 1969 however, particularly in the North, because of the continuing and expanding activities there. Jet service as far north as Yellowknife was offered all year, and was extended to Norman Wells and Inuvik on the completion of runway paving at these two points in August. The convertible Boeing 737 is being used on this service in a 79 passenger/2 freight pallet configuration or a 63 passenger/3 freight pallet configuration, depending on passenger requirements. The conversion from the all-passenger to the mixed configuration takes only minutes.

By August all Airbus flights scheduled between Calgary and Edmonton—70 a week—were operated with 737 equipment. This service



showed a 34% increase compared with 1968, and carried more than 200,000 passengers between the two cities.

TRUCKING OPERATIONS undertaken following the acquisition of Byers Transport in early 1969 allowed the company to start on a planned integrated truck/air freight concept in an effort to increase freight volumes. By using Yellowknife, at the end of the highway as a staging area, it was also possible to further decrease some rates into the Arctic. An integrated air/truck service is now operating efficiently to Norman Wells and Inuvik on a scheduled basis and it is hoped to add other northern points to the truck/air service in due course. Byers are also interested in bidding for our ground handling services in the North and at present are doing all of the ground handling at Hay River and Yellowknife.

At the same time Byers have been actively and successfully pursuing their normal activities in commercial trucking in the North and providing terminal trucking facilities for themselves and others in Edmonton.

HERCULES and DOMESTIC CHARTER operations utilizing DC4 and DC6 aircraft showed substantial increases from the previous year primarily due to the increase in oil exploration and drilling activity in the Arctic. In 1968 revenues for Hercules operations were \$1,800,000. In 1969 revenues increased to \$5,600,000 and the 1970 forecast of \$10,000,000 shows every likelihood of being exceeded.



INTERNATIONAL charter operations in 1969, primarily operated with the first Boeing 707, carried 51,000 passengers, compared with 31,000 in 1968 and produced revenues of \$5,463,000 compared with \$3,747,000 the previous year. The second aircraft, acquired in July, was phased into service toward year-end with the advent of the winter inclusive tour operations. The extreme competition in this market has forced lower price levels than are desirable. We are also faced with tightening restrictions on the part of regulatory authorities in some countries to which we fly. Accordingly, we are placing more emphasis on inclusive tour operations and specialized contracts, such as round-the-world charters, where we can anticipate continuing profitable International operations. The affinity charter groups, as we presently know them, may become more attracted to the flexibility of scheduled International carriers services as these carriers incentive fares are further reduced to combat the over-capacity situation attributable to new fleet expansions of 'jumbo' jets.

The 1969/70 winter inclusive tour program to Puerto Vallarta, Mexico and Hawaii has been most successful and contracts in hand for the 1970 trans-Atlantic season, together with two round-the-world charter tours in the fall, indicate substantially increased revenues for the year 1970.

NEW ROUTES adding 3,931 scheduled route miles were integrated into Pacific Western's route system during 1969. Licensed route miles on domestic services now total almost 11,000.

One of the most important features of the new services has been in the linking together of the two major operational bases of Edmonton and Vancouver with on-line services, thereby providing an attendant increase in efficiency and an improvement and additional flexibility in aircraft utilization and scheduling. There has also been a marked improvement in rapport and communication between all personnel throughout the system, since the feeling of isolation of one operation from the other has been removed.

Our application for direct or one-stop service between Vancouver and Edmonton Industrial Airport has not yet been finally dealt with, nor have we so far succeeded in having the restrictions removed that require us to make two stops between Vancouver and Prince Rupert, thereby precluding us from competing effectively

for the long-haul traffic on that route. These matters are being pursued.

We also have expressed our desire for the following routes to be negotiated for us in the Canada/U.S.A. bilateral talks underway this year — Calgary-Chicago, Edmonton-Anchorage and Calgary-Seattle.

Additionally, negotiations are continuing with the Air Transport Committee and other carriers for further implementation of the Regional Air Policy, and the transfer to us of all or part of additional regional routes.

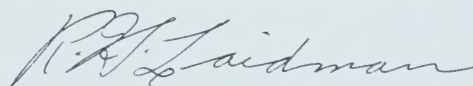
In our 1968 Annual Report, we concluded by saying: "The year 1969 will produce continued expansion and growth and will be attended with increased costs, some of which will be non-recurring. As a result, while we can confidently anticipate a profitable year for 1969, the real return will be in establishment of a greatly expanded capability, staffed with experience, for future greater profitability."

We can now confidently confirm the fulfillment of that undertaking.

Respectfully submitted,



B. C. Samis, Chairman of the Board



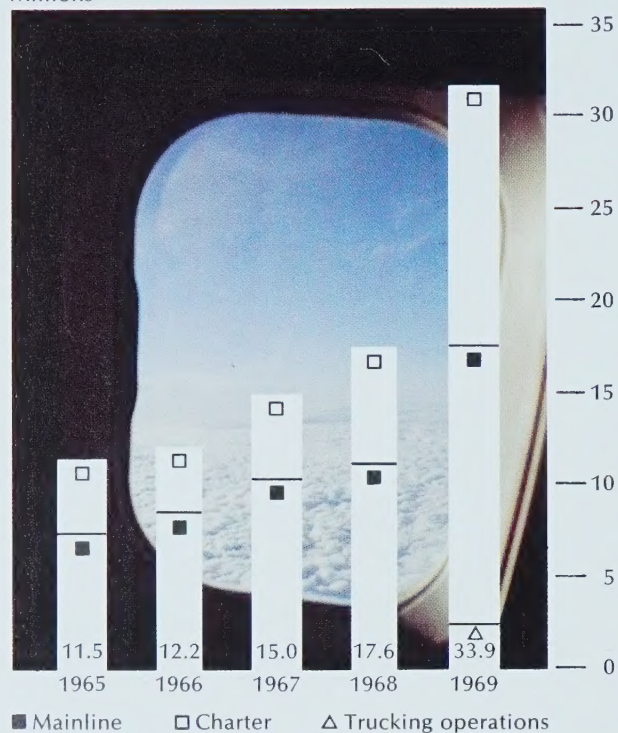
April 3, 1970.

R. H. Laidman, President

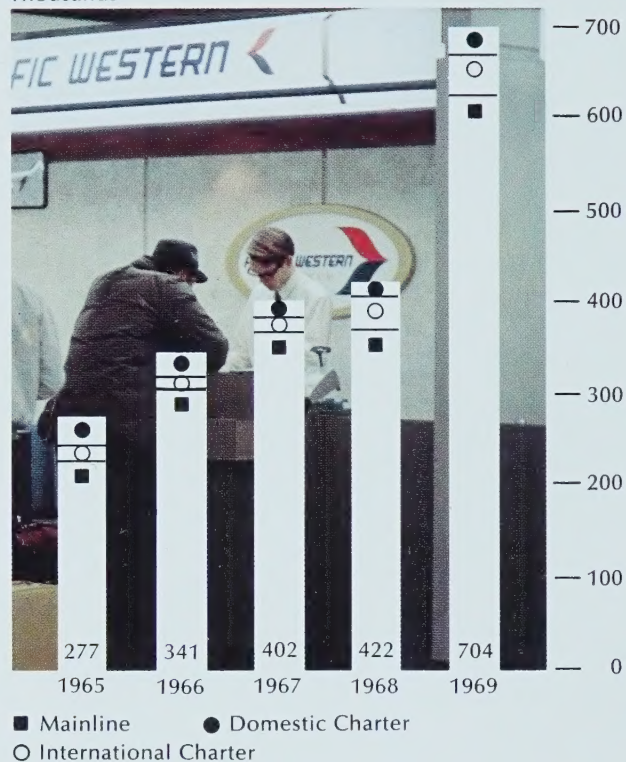


PROGRESS 1965/1969 (Yearly totals as at December 31)

REVENUE
Millions



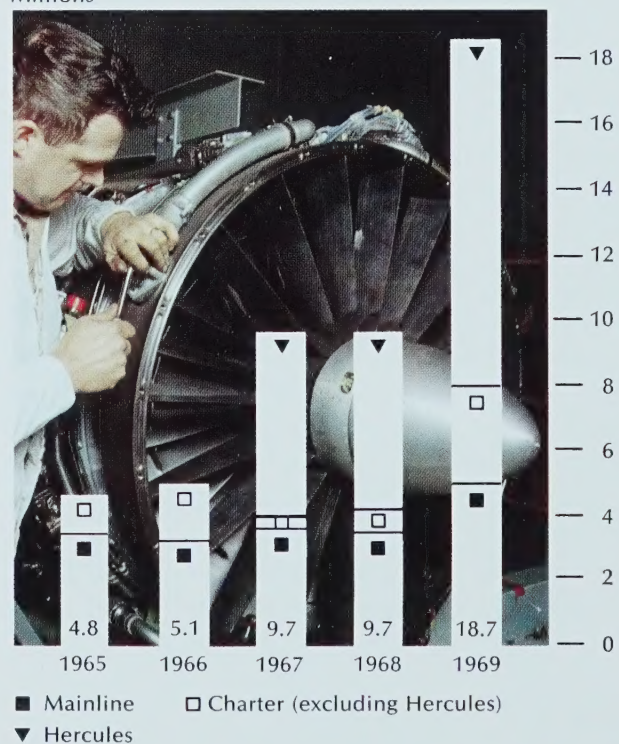
PASSENGERS CARRIED
Thousands



CHIEFTAIN AIRBUS
Thousands of Passengers



CARGO TON MILES
Millions



CONSOLIDATED STATEMENT OF EARNINGS

Year ended December 31, 1969 (with comparative figures for 1968)

	1969	1968
Operating revenues:		
Mainline:		
Passenger	\$14,736,773	\$ 8,780,926
Cargo	2,212,859	1,603,280
Mail	1,027,963	697,744
Total mainline	17,977,595	11,081,950
Charter	13,396,849	6,536,053
Trucking operations	2,500,331	—
Other revenue, net	69,501	41,231
Total operating revenues	33,944,276	17,659,234
Operating expenses:		
Flying operations	12,131,006	5,533,493
Maintenance	5,239,985	3,140,891
Aircraft and traffic servicing	5,469,632	2,857,568
Passenger service	1,730,150	1,059,315
Trucking operations	2,123,644	—
Selling and advertising	1,750,935	1,138,272
General and administrative	2,038,284	1,396,921
Total operating expenses	30,483,636	15,126,460
Operating income before depreciation and amortization	3,460,640	2,532,774
Depreciation (Note 3)	1,625,534	1,183,888
Amortization of introductory costs (Note 4)	432,516	204,693
	2,058,050	1,388,581
Operating income	1,402,590	1,144,193
Other charges (income), net:		
Interest on long-term debt	1,430,106	945,663
Other interest	50,552	33,221
Amortization of financing expenses	51,938	50,899
Interest income	(263,448)	(150,264)
Interest capitalized	(81,387)	(123,972)
	1,187,761	755,547
Earnings before income taxes	214,829	388,646
Deferred income taxes (Note 6)	130,400	214,200
Earnings before gain on sale of equipment	84,429	174,446
Gain on sale of equipment, net of income taxes thereon (Note 6)	439,942	110,258
Net earnings for the year	\$ 524,371	\$ 284,704

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1969 (with comparative figures for 1968)

	1969	1968
Balance at beginning of year	\$ 3,480,901	\$ 3,272,734
Adjustment of prior years' deferred income taxes	—	(13,000)
Net earnings for the year	524,371	284,704
	4,005,272	3,544,438
Dividends paid:		
First preferred shares	55,500	55,500
Second preferred shares	8,037	8,037
	63,537	63,537
Balance at end of year	\$ 3,941,735	\$ 3,480,901

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

December 31, 1969 (with comparative figures for 1968)

ASSETS	1969	1968
Current assets:		
Cash	\$ 35,712	\$ 1,028,739
Cash held in trust for International Charter deposits	429,333	227,637
Accounts receivable:		
Trade	3,240,720	1,144,165
Aircraft financing	741,344	485,517
Insurance claims	560,250	—
Other	338,095	353,199
Refundable deposits on new equipment	1,186,269	940,221
Inventory of parts, material and supplies, at the lower of cost or net realizable value	1,098,997	738,053
Prepaid insurance and other expenses	1,069,070	333,692
Total current assets	8,699,790	5,251,223
Rental deposits on leased flight equipment	1,812,813	1,285,492
Investments:		
Northward Aviation Ltd.:		
Shares, at cost	100,000	100,000
7% debentures, less current portion	—	51,000
Other, at cost	61,049	5,000
Total investments	161,049	156,000
Property and equipment, at cost, less depreciation (Note 3):		
Flight equipment	23,337,042	15,572,170
Buildings on leased land and ground facilities	4,829,473	2,094,710
	28,166,515	17,666,880
Less accumulated depreciation and provision for overhauls	6,610,009	5,451,353
	21,556,506	12,215,527
Deposits on purchase of flight equipment	—	394,350
Property and equipment, net	21,556,506	12,609,877
Deferred charges, less amortization:		
Introductory costs of new aircraft and services (Note 4)	1,955,814	1,524,816
Debt financing expenses	191,686	217,991
Total deferred charges	2,147,500	1,742,807
Excess of cost of investments in subsidiary companies over their net book value at time of acquisition and goodwill	1,323,224	1,107,707
	<u>\$35,700,882</u>	<u>\$22,153,106</u>

LIABILITIES AND SHAREHOLDERS' EQUITY**1969****1968**

Current liabilities:

Bank indebtedness, including demand loan \$70,000 (1968 \$50,000),
secured by a general assignment of accounts receivable**\$ 314,587**

\$ 478,180

Accounts payable and accrued expenses

5,874,986

3,069,455

Payments on long-term debt due within one year (Note 5)

1,901,101

1,353,945

Unearned transportation revenue:

Domestic

105,000

39,000

International

415,446

217,154

Total current liabilities

8,611,120

5,157,734

Long-term debt, less amount included in current liabilities (Note 5)

19,190,251

10,756,528

Deferred income taxes (Note 6)

921,200

260,500

Shareholders' equity (Notes 5 to 8):

Share capital

3,036,576

2,497,443

Retained earnings, per accompanying statement

3,941,735

3,480,901

Total shareholders' equity

6,978,311

5,978,344

Commitments (Note 9)

On behalf of the Board:

C. W. BRAZIER, Q.C., Director

R. H. LAIDMAN, Director

\$35,700,882**\$22,153,106**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1969 (with comparative figures for 1968)

	1969	1968
Funds provided by:		
Operations:		
Net earnings for the year	\$ 524,371	\$ 284,704
Add charges not requiring cash expenditure	1,910,857	1,768,977
Funds provided by operations	2,435,228	2,053,681
Disposal of equipment	4,887,059	909,305
Bank term loan	1,000,000	1,000,000
Total funds provided	8,322,287	3,962,986
Funds applied to:		
Purchase of equipment	13,650,337	1,701,344
Less amount financed through long-term debt	10,780,864	470,000
	2,869,473	1,231,344
Reduction of long-term debt (not including reduction of \$247,000; \$336,000 in 1968 on conversion of debentures into common shares)	3,821,084	1,889,300
Introductory costs of new aircraft and services	863,513	926,655
Purchase of Byers Transport Limited, net of shares and debentures issued	376,193	—
Dividends on preferred shares	63,537	63,537
Other	333,306	(197,112)
Total funds applied	8,327,106	3,913,724
Increase (decrease) in working capital	(4,819)	49,262
Working capital at beginning of year	93,489	44,227
Working capital at end of year	\$ 88,670	\$ 93,489

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1969

1. PRINCIPLES OF CONSOLIDATION:

The consolidated balance sheet includes the assets and liabilities of the company and all of its subsidiaries.

The consolidated statements of earnings and retained earnings include the results of operations of the company and all its subsidiaries for the year ended December 31, 1969, except that the results of operations of Byers Transport Limited are included only for the period from acquisition, April 15, 1969 to December 31, 1969.

2. CONVERSION OF FOREIGN CURRENCIES:

Current assets and current liabilities in U.S. funds have been converted into Canadian dollars at the rate of exchange in effect at December 31, 1969. Long-term debt payable in U.S. funds, other than the amount due within one year, has been converted at rates prevailing at the time the debt was incurred.

3. PROPERTY AND EQUIPMENT:

Flight equipment, with the exception of spare parts and the renewable portion of aircraft engines, is depreciated on a straight-line basis at varying rates dependent upon its estimated useful life, with appropriate provision for residual values. The provision for the renewable portion of aircraft engines is made through an overhaul charge based on the number of hours operated multiplied by an hourly overhaul cost. Ground property and equipment is depreciated on a straight-line basis at varying rates dependent upon the estimated useful life of the assets included therein.

As a result of a continuing review of the estimated life and residual value of flight equipment, depreciation charged against earnings for the year ended December 31, 1969 was approximately \$90,000 more than if 1968 rates had been employed.

4. INTRODUCTORY COSTS OF NEW AIRCRAFT AND SERVICES:

Initial flight crew training expenses and pre-operating costs of the Convair 640, Lockheed Hercules and Boeing 707 and 737 aircraft and pre-operating costs applicable to the Stampeder Service and routes acquired in 1969 have been deferred. These costs are being amortized on a straight-line basis over five years.

5. LONG-TERM DEBT:

Parent company:

7% Convertible Sinking Fund Debentures Series AA due June 1, 1982; with an annual sinking fund requirement of \$120,000 in 1970, \$140,000 in 1971, \$280,000 from 1972 through 1981 and the balance in 1982

Agreements payable for Convair 640 aircraft and spare parts of \$3,252,605 U.S. and \$550,314 U.S., secured by 8% debentures. Payable in quarterly instalments to March 31, 1972 on which date a final payment of \$2,263,038 U.S. will be due

12% Mortgage payable for Boeing 737 aircraft. Payable at \$57,067 monthly, including interest, to April 1981

14% mortgage payable for Hercules 382 aircraft. Payable at \$71,420 monthly, including interest, to December 1974. Balance renewable for another 5 years at the interest rates prevailing at that time.

Bank loan, due February 1, 1971, secured by general assignment of accounts receivable

Lease purchase obligations on various flight equipment payable by monthly instalments including interest, at various dates up to January 1975.

Total parent company

Subsidiary company:

7% Debenture payable over 5 years

Finance contracts payable at various dates, net of deferred finance charges

Other mortgages and notes, payable at varying dates

Total subsidiary company

	Total	Due within one year	Non- current
	\$ 3,340,000	120,000	3,220,000
	4,126,168	821,868	3,304,300
	4,531,699	148,875	4,382,824
	4,600,000	227,299	4,372,701
	2,000,000		2,000,000
	1,718,755	358,780	1,359,975
	20,316,622	1,676,822	18,639,800
	450,000	90,000	360,000
	248,163	115,398	132,765
	76,567	18,881	57,686
	774,730	224,279	550,451
	\$21,091,352	1,901,101	19,190,251

Among other provisions, the trust indentures of the Series AA debentures and the debentures securing the agreements payable for Convair 640 aircraft contain restrictions on the payment of dividends on the common shares of the company. Under these restrictions, no such dividends can be paid unless the working capital after the payment of such dividends is at least the greater of \$750,000 or 6% of the operating expenses, as defined.

6. DEFERRED INCOME TAXES:

Effective January 1, 1968, in accordance with a recommendation of the Canadian Institute of Chartered Accountants the company decided to adopt the policy of charging to earnings the deferred taxes which arise from claiming capital cost allowance for tax purposes in excess of depreciation recorded in the accounts and from certain deferred charges which may be claimed for tax purposes. Accumulated deferred taxes to December 31, 1967 of approximately \$1,947,000 have not been recorded in the accounts.

7. SHARE CAPITAL:

6% cumulative redeemable sinking fund first preferred shares of \$10 par value per share. Authorized 100,000 shares; issued 92,500 shares	\$ 925,000
6% cumulative redeemable sinking fund second preferred shares of \$10 par value per share. Authorized 15,895 shares; issued 13,395 shares	133,950
	1,058,950

Common shares of no par value. Authorized 1,500,000 shares; issued 927,492 shares including 29,710 shares issued during the year ended December 31, 1969 on conversion of \$247,000 Series A and Series AA debentures, and 20,000 shares at an ascribed value of \$300,000 as partial consideration for the purchase of Byers Transport Limited

1,977,626

\$ 3,036,576

The preferred shares, first and second issues, are redeemable at \$10.50 per share and \$10 per share respectively. The terms of issue, as amended, provide for an annual sinking fund provision of 30% of the annual consolidated net earnings (maximum \$100,000 save as the directors may determine) so long as the consolidated net current assets, as defined, would not be reduced to less than \$150,000.

The terms of issue of the first preferred shares restrict the payment of dividends on the second preferred shares or common shares when the consolidated net current assets, as defined, is less than \$150,000. There is a similar restriction under the terms of issue of the second preferred shares relating to the payment of dividends on the common shares.

Dividends on the first and second preferred shares have been paid to December 1, 1969. If the company failed to pay in the aggregate four quarterly dividends on the first preferred shares, then so long as any dividends remain in arrear, the holders of the first and second preferred shares would be exclusively entitled to vote at all general meetings of the company.

The holders of the 7% Convertible Sinking Fund Debentures Series AA are entitled to convert each \$1,000 debenture into 70 common shares if converted on or before June 1, 1972 and into 50 common shares if converted after June 1, 1972 and on or before June 1, 1977 when the conversion privilege expires. At December 31, 1969, the number of common shares reserved for the conversion of the Series AA debentures was 233,800 shares which was the maximum number required for such conversion at that date.

8. STOCK OPTIONS:

On January 28, 1969 options were granted to company officers to purchase, at \$14.85 per share, a total of 30,000 common shares of the capital stock of the company. These options may be exercised to a maximum of 7,500 shares in each of the years ending February 1, 1970 to 1973 on a non-cumulative basis.

9. COMMITMENTS:

At December 31, 1969 commitments to purchase spare parts and other fixed assets, after deducting deposits made thereon, amounted to approximately \$3,100,000. Financing for approximately \$2,000,000 of this amount had been arranged for at December 31, 1969. The company is also committed to lease a Boeing 737 aircraft effective May 1970 for 12 years at an annual rental of approximately \$569,000.

The company and its subsidiaries are obligated for an aggregate basic annual rental of approximately \$3,200,000 under lease agreements expiring subsequent to December 31, 1974, at which time rentals will diminish according to various expiry dates until 1982.

The company has guaranteed the bank loan of Northward Aviation Limited up to a maximum amount of \$17,000.

10. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS:

The aggregate remuneration of directors, senior officers and certain technical personnel of the company, as defined by the B.C. Securities Act, amounted to \$255,337 for the year 1969.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Pacific Western Airlines Ltd. and its subsidiary companies as of December 31, 1969 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the companies at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, British Columbia.
February 13, 1970.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

10 YEAR SUMMARY

(all figures in thousands)

FINANCIAL STATISTICS

	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960
Mainline revenue	\$17,978	\$11,082	\$10,308	\$ 8,583	\$ 7,133	\$5,563	\$4,285	\$3,977	\$3,985	\$4,270
Contract and charter revenue										
Multi-engine aircraft (excluding International and Hercules)	2,337	919	1,097	1,021	827	662	663	418	372	282
International - passenger	5,463	3,747	1,548	1,813	1,870	1,338	—	—	—	—
Hercules - cargo	5,597	1,823	1,425	—	—	—	—	—	—	—
Single engine aircraft	—	47	556	782	1,675	1,279	1,284	1,201	1,397	1,268
Trucking operations	2,500	—	—	—	—	—	—	—	—	—
Other revenue	69	41	40	81	32	28	59	18	92	49
	33,944	17,659	14,974	12,280	11,537	8,870	6,291	5,614	5,846	5,869
DEW line revenue	—	—	—	—	—	—	—	—	667	2,718
Government subsidy	—	—	—	—	—	—	—	284	283	50
Total revenue	\$33,944	\$17,659	\$14,974	\$12,280	\$11,537	\$8,870	\$6,291	\$5,898	\$6,796	\$8,637
Funds provided by operations	2,435	2,054	2,184	1,606	1,041	691	457	218	747	662
Depreciation and amortization	2,058	1,389	1,336	480	395	367	373	587	562	771
Income taxes	—	—	—	(57)	310	8	—	(63)	57	45
Deferred income taxes on operating earnings	130	214	—	—	—	—	—	—	—	—
Gain (loss) on sale of equipment (after deferred income taxes)	440	110	91	484	45	87	10	(45)	10	(72)
Net earnings (loss)	524	285	317	1,425	601	331	115	(317)	10	(412)
Purchase of equipment	13,650	1,701	6,949	6,016	1,454	703	450	836	574	413
Reduction of long-term debt	3,821	1,889	2,641	1,295	344	375	347	334	690	185
Dividends on preferred shares	64	64	67	70	70	124	15	70	70	70

OPERATING STATISTICS

Mainline										
Passengers carried	627	371	364	302	230	180	127	121	114	117
Cargo carried (lbs.)	15,987	11,408	12,158	10,582	12,429	9,787	8,355	7,310	6,213	7,155
Passenger miles flown	168,068	95,426	92,909	77,877	56,813	43,347	34,073	33,828	31,984	32,477
Ton miles flown	21,834	13,097	12,939	11,035	9,202	6,961	5,409	5,194	5,092	5,406
Aircraft miles flown	5,501	3,191	3,732	3,217	2,844	2,426	1,992	1,993	2,173	2,445
Contract and charter										
Hercules aircraft miles flown	1,288	578	563	—	—	—	—	—	—	—
Other multi-engine aircraft miles flown	908	484	544	657	466	399	384	218	207	153
Single-engine aircraft miles flown	—	228	650	1,078	2,338	1,850	1,744	1,679	1,967	1,695
International passenger service										
Aircraft miles flown	1,750	1,117	670	744	842	726	—	—	—	—
DEW line operations										
Aircraft miles flown	—	—	—	—	—	—	—	—	304	1,432



DIRECTORS

B. C. SAMIS

Chairman of the Board

President, Samis & Co. Ltd.,
Investment Dealers,
Vancouver, Canada

W. J. BORRIE

Director

Chairman, Pemberton Securities Ltd.,
Vancouver, Canada

C. W. BRAZIER, Q.C.

Director

Partner, Davis, Hossie, Campbell,
Brazier & McLorg,
Barristers and Solicitors,
Vancouver, Canada

J. D. HAGAR

Director

Investment Dealer,
Victoria, Canada

R. H. LAIDMAN

Director

President, Pacific Western
Airlines Ltd.,
Vancouver, Canada

OFFICERS

R. H. LAIDMAN

President

W. R. HARRIS

Vice-President and General Manager

J. B. McGUIRE

Vice-President Sales and Traffic

J. C. S. MILES

Vice-President Operations

A. J. MOUL

Vice-President Cargo and Contracts

D. N. WATSON

Vice-President Management and
Technical Services

D. F. GRANGER

Secretary-Treasurer

HEAD OFFICE

Vancouver Airport, B.C.

REGISTRAR AND TRANSFER AGENT

Montreal Trust Company,

Vancouver, B.C.

Victoria, B.C.

Edmonton, Alta.

Regina, Sask.

Winnipeg, Man.

Toronto, Ont.

Montreal, Que.

BANKERS

Canadian Imperial Bank of Commerce,

Vancouver, B.C.

SHAREHOLDERS' AUDITORS

Peat, Marwick, Mitchell & Co.,

Vancouver, B.C.

SHARES LISTED

Vancouver Stock Exchange

SUBSIDIARY COMPANIES

(Wholly Owned)

Pacific Western Airlines (Alberta) Ltd.

Aero Engineering Limited

Queen Charlotte Airlines Ltd.

Silver Wings Aviation Ltd.

Byers Transport Limited

PACIFIC WESTERN AIRLINES